The Influence of Service Quality and Product Quality of Livin Mandiri through Satisfaction Customers and its Impact on Customer Loyalty of Bank Mandiri KCP Tanjung Balai, North Sumatra Province

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ABSTRACT: The aim of this research is to determine the quality of service and product quality of Livin Mandiri on customer loyalty through customer satisfaction at Bank Mandiri KCP Tanjung Balai North Sumatera Province.

This research is quantitative empirical research using hypothesis research that examines the significant influence and direction of the direct and indirect relationship between the independent variables and the dependent variable through the intervening variable. Data in the research is primary data obtained from 100 sample people obtained using the Slovin formula from a 20.088 population.

Based on statistical test results, it was found that livin mandiri service quality have a positive effect on customer loyalty but not significant. Product quality have a positive and significant effect on customer loyalty. Customer satisfaction is able to mediate the relationship between livin mandiri product quality and customer loyalty. Meanwhile, the relationship between Livin Mandiri's service quality and customer loyalty cannot be mediated by customer satisfaction at Bank Mandiri KCP Tanjung Balai North Sumatera Province.

KEYWORDS: Customer Satisfaction, Customer Loyalty, Produk Quality, Service Quality.

PRELIMINARY

The rapid development of digitalization has brought world society's lives into a new era which is often called the era of industrial revolution 4.0. The use of various technologies in various fields including financial services has brought significant changes to the banking industry. Changes in people's consumption patterns towards digital have encouraged banks to accelerate the transformation process towards digital banking.

In fact, these various encouragements have not had a positive impact on the use of digital banking services at Bank Mandiri KCP Tanjung Balai, this can be seen from the number of Bank Mandiri KCP Tanjung Balai customers, North Sumatra Province in 2023, namely 20,088 people, but the average number of digital transactions using livin Mandiri only has 360 transactions per day. This shows that there are still very few loyal customers who use Livin Mandiri for transactions.

This is thought to be because, apart from bringing opportunities that can be exploited by the banking industry, digital transformation raises challenges that need to be watched out for. Some of these challenges include personal data protection and the risk of data leakage, the risk of technology investment that is not in accordance with business strategy, the risk of misuse of artificial intelligence technology, the risk of cyber attacks, the risk of outsourcing, the need for support for the readiness of digitally oriented institutional arrangements, financial inclusion for people with disabilities , digital financial literacy is still low, information technology infrastructure is not evenly distributed in Indonesia, and regulatory framework support.

These various risks have resulted in many banking customers preferring to make transactions via tellers rather than using digital banking services that can be accessed via gadgets. This can be seen at Bank Mandiri KCP Tanjung Balai, North Sumatra Province, where in 2023 the average transaction via tellers will be 100 transactions per day. This shows that there are still many customers from Bank Mandiri KCP Tanjung Balai, North Sumatra Province who have not used "Livin" as a digital banking product from Bank Mandiri for transactions. The majority of customers stated that the reason for not using Livin was that they were worried that the quality of digital service (tangibles, reliability, empathy, responsiveness, assurance) was not better than direct service from a teller, apart from that, the majority of customers also still doubted the quality of the product (performance, features, reliability). ,

serviceability, conformance, durability, aesthetics, perceived quality) the livin. Concerns regarding the quality of service and product quality from Livin Mandiri are feared to cause a decline in customer loyalty.

Based on the results of field observations, it was found that the number of loyal customers of Bank Mandiri KCP Tanjung Balai, North Sumatra Province did not meet the predetermined target, and did not even reach 50%. As happened in 2023, the customer loyalty target is 19,000 customers, but it turns out that the realization of loyal customers is only 9,141 people or 48%.

THEORITICAL BASE

Customer Loyalty

Loyalty is the amount of consumption and frequency of purchases made by a consumer towards a company; and they managed to find that the quality of connectedness consisting of satisfaction, trust and commitment has a positive relationship with loyalty (Griffin & Ebert, 2007).

Loyal customers are customers who have the following characteristics: make repeat purchases regularly, buy between product or service lines, refer others, and show immunity to the pull of competitors or are not easily influenced by the pull of competitors from other similar products (Kotler & Keller, 2016). Loyalty can be measured by 3 indicators (Griffin & Ebert, 2007), namely: repeat purchase, retention and reference.

Customer Satisfaction

Customer satisfaction is the hope of someone who buys a product and uses a service with the hope that the consumer can achieve it. These expectations and realities are what constitute customer satisfaction. (Kasmir, 2017)

Customer satisfaction is an effort to realize consumer expectations for a product so that these expectations become a reality. Satisfaction can be said to be an effort to fulfill or make something adequate and in line with expectations. According to customer satisfaction indicators are: overall satisfaction, confirmation of expectations, and ideal comparison (Tjiptono, 2014).

Service Quality

Service quality is an effort to meet consumer needs and desires and the accuracy of delivery in balancing consumer expectations. Service quality can be determined by comparing consumer perceptions of services actually received or obtained by the actual ministry with the expected or desired attributes of a company's services. There are five dimensions of service quality, namely tangibility, reliability, responsiveness, assurance and empathy (Kotler & Keller, 2016).

Product Quality

A product is defined as anything that can be offered to a market for attention, ownership, use or consumption so that it can satisfy a want or all needs (Marlina & Bimo, 2018). Consumers will like products that offer quality, performance and innovation that are different from other products. Quality is the constant development of products that meet consumer needs at the lowest cost (Cardia et al., 2019).

According to (Garvin, 2002), product quality is the ability of a product to meet or exceed customer expectations. Garvin developed a system of thinking about product quality by describing the basic elements of product quality in eight dimensions, namely performance, features, reliability, serviceability, conformance, durability, aesthetics and perceived quality.

RESEARCH METHODS

The type of research used in this research is quantitative research. The population in this research is Bank Mandiri KCP Tanjung Balai customers, North Sumatra Province during the 2019 - 2023 period, totaling 20,088 people.

This research uses a purposive sampling technique which is part of the non-probability sampling technique, where sample selection uses certain criteria according to the phenomena and needs being studied. The criteria used in determining the sample in this research are:

a. Bank Mandiri KCP Tanjung Balai customers

b. Have been a Bank Mandiri customer since at least 2019

c. Use the Livin Mandiri Application

d. Age 17 - 50 years.

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In determining the number of samples in this study, the Slovin formula was used and a sample of 100 people was obtained. The data in the research was obtained through a questionnaire distributed to the sample and then processed using the Smart PLS application.

RESEARCH RESULTS

Table 1. Hypothesis Test

Relationship between Variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Service Quality (X1) -> Customer Loyalty (Y)	0,296	0,313	0,195	1,518	0,129
Product Quality (X2) -> Customer Loyalty (Y)	0,858	0,867	0,187	4,597	0,000
Service Quality (X1) -> Customer Satisfaction (Z) -> Customer Loyalty(Y)	-0,225	-0,238	0,135	1,675	0,094
Product Quality (X2) -> Customer Satisfaction (Z) -> Customer Loyalty (Y)	0,292	-0,298	0,132	2,205	0,027

Source: SmartPLS, 2024.

From this table, the following can be found:

a. The original sample value is 0.296, and the p value is 0.129 > 0.05, so service quality has a positive effect on customer loyalty but no significant, which means the hypothesis is rejected

b. The original sample value is 0.858, and the p value is 0.000 <0.05, so product quality has a positive and significant effect on customer loyalty, which means the hypothesis is accepted

c. The original sample value is -0.225, and the p value is 0.094 > 0.05, so service quality through customer satisfaction has a negative but not significant effect on customer loyalty, which means the hypothesis is rejected

d. The original sample value is 0.292, and the p value is 0.027 <0.05, so product quality through customer satisfaction has a positive and significant effect on customer loyalty, which means the hypothesis is accepted

DISCUSSION

The Influence of Livin Mandiri Service Quality on Customer Loyalty at Bank Mandiri KCP Tanjung Balai, North Sumatra Province

The results of this research are not in line with the hypothesis which states that Service Quality has a positive and significant effect on Customer Loyalty. This is because the quality of digital banking services does not provide a loyal attitude to customers, so that most customers are less interested in using digital banking such as using mobile banking and customers prefer to make transactions or use services directly at the bank.

There are several things that make service quality variables have no effect on customer loyalty based on observations in the field. Most of the respondent segments are private sector employees who earn sufficient income in the productive age category and use Payroll facilities so they only use savings to collect their salary. The second largest respondent segment is self-employed people with quite large incomes. Many respondents with self-employed professions who are this respondent segment have credit facilities so that the account is used to pay installments and interest every month.

The results of this research are in line with the results of previous research by (Octavia, 2019) which stated that service quality has no direct effect on customer loyalty.

The Influence of Livin Mandiri Service Quality Through Customer Satisfaction on Customer Loyalty of Bank Mandiri KCP Tanjung Balai, North Sumatra Province

The results of this research are not in line with the hypothesis which states that Livin Mandiri service quality through customer satisfaction has a significant effect on customer loyalty at Bank Mandiri KCP Tanjung Balai. The results of this research can be concluded that the quality of banking services through customer satisfaction has a negative and insignificant effect on customer loyalty.

In line with the results of research by (Arianto & Nirwana, 2021), satisfaction cannot mediate the relationship between service quality and customer loyalty.

The Influence of Livin Mandiri Product Quality on Customer Loyalty of Bank Mandiri KCP Tanjung Balai, North Sumatra Province

The results of this research are in line with the hypothesis which states that product quality has a significant positive effect on customer loyalty. The results of this research can be concluded that if the quality of Livin Mandiri products is better, it can increase customer loyalty. So the use of digital banking products increases and is widely used by customers.

The results of this research are in line with the results of previous research by (Jauhariyah & Setiawaty, 2023) and (Al-Ghifari & Khusnudin, 2022), which stated that product quality has a significant positive effect on customer loyalty.

The Influence of Livin Mandiri Product Quality Through Customer Satisfaction on Customer Loyalty of Bank Mandiri KCP Tanjung Balai, North Sumatra Province

The results of this research are in line with the hypothesis which states that Livin Mandiri product quality through customer satisfaction has a significant effect on customer loyalty at Bank Mandiri KCP Tanjung Balai. This is because when a product's quality is good it will meet customer satisfaction, and when customers are satisfied with the digital banking product then customer satisfaction can help increase customer loyalty. Loyal customers tend to like digital banking products so that many customers want to continue using digital banking.

The results of this research are in line with the results of previous research by (Hartanto, 2019) which stated that customer satisfaction is able to mediate the relationship between product quality and customer loyalty.

CONCLUSION

Based on the results of research and discussion, the following conclusions can be drawn:

1. Service quality has a significant positive effect on customer loyalty at Bank Mandiri KCP Tanjung Balai, North Sumatra Province, which means that if the service quality from Bank Mandiri KCP Tanjung Balai, North Sumatra Province increases, the loyalty of Bank Mandiri KCP Tanjung Balai customers, North Sumatra Province also increases, but in this case This relationship does not have a significant effect

2. The quality of Livin Mandiri products has a significant positive effect on the loyalty of Bank Mandiri KCP Tanjung Balai customers, North Sumatra Province, which means that if the quality of Livin Mandiri products increases, the loyalty of Bank Mandiri customers KCP Tanjung Balai, North Sumatra Province will also increase.

3. Customer satisfaction is not able to mediate the influence of service quality on customer loyalty at Bank Mandiri KCP Tanjung Balai and Mandiri KCP Tanjung Balai, North Sumatra Province, which means that customer satisfaction does not have an influence on customer loyalty on the basis of service quality at Bank Mandiri KCP Tanjung Balai, North Sumatra Province.

4. satisfaction is able to mediate the influence of Livin Mandiri product quality on customer loyalty at Bank Mandiri KCP Tanjung Balai, North Sumatra Province, which means that customer satisfaction influences customer loyalty based on the quality of Livin Mandiri products at Bank Mandiri KCP Tanjung Balai, North Sumatra Province.

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